OSISKO METALS INCORPORATED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Osisko Metals Incorporated have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Osisko Metals Incorporated

Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents	2,513,639	1,670,610
Accounts receivable	711,677	1,064,091
Prepaid expenses (Note 4)	87,401	88,448
	3,312,717	2,823,149
NON-CURRENT		
Investment in joint venture (Note 6)	75,701,721	82,665,055
Exploration and evaluation assets (Note 5)	59,998,942	55,672,086
Deposits (Note 4)	2,358,024	2,358,024
Property and equipment	108,511	-
Investments	25,098	11,702
	138,192,296	140,706,867
Total assets	**141,505,013**	**143,530,016**
LIABILITIES		
CURRENT		
Trade and other payables	1,859,137	1,965,074
Short-term portion of environmental rehabilitation provision (Note 7)	390,953	320,107
Deferred premium on flow-through shares (Note 8)	-	832,057
Convertible Note (Note 10)	36,779,415	-
	39,029,505	3,117,238
NON-CURRENT		
Convertible Note (Note 10)	-	31,449,512
Long-term portion of environmental rehabilitation provision (Note 7)	4,220,484	4,402,133
	4,220,484	35,851,645
Total liabilities	**43,249,989**	**38,968,883**
EQUITY		
Share capital	131,750,405	131,750,405
Warrants	2,264,377	2,369,377
Contributed surplus	19,435,094	19,092,408
Deficit	(55,194,852)	(48,651,057)
Total equity	**98,255,024**	**104,561,133**
Total liabilities and equity	**141,505,013**	**143,530,016**

Going concern (Note 1) and Subsequent event (Note 18)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated

Consolidated Statement of Loss and Comprehensive Loss
For the three-month and nine-month periods ended September 30, 2024 and 2023
(Unaudited, Expressed in Canadian Dollars)

	Three-months ended September 30,		Nine-months ended September 30,	
	2024	2023	2024	2023
	$	$	$	$
Expenses				
Consulting and professional fees	152,601	461,968	541,504	2,978,199
Investor and shareholder relations	117,463	198,659	457,594	536,994
Employee benefits expenses	152,071	544,876	393,786	1,169,760
Share-based compensation (Note 12)	71,288	109,113	219,114	283,189
Office expenses	38,388	31,980	126,141	159,243
Travel expenses	24,990	13,815	109,905	79,421
Depreciation	12,546	-	17,258	35,671
Cost recoveries	(208,195)	-	(208,195)	-
Operating Loss	**(361,152)**	**(1,360,411)**	**(1,657,107)**	**(5,242,477)**
Net financial revenues (expenses)	(13,681)	93,012	103,802	177,416
Interest expense on Secured Loan (Note 9)	-	-	-	(213,040)
Gain on sale of ownership in joint venture (Note 6)	-	-	66,143	-
Gain on sale of controlling interest in Pine Point Mining Limited (Note 5)	-	-	-	15,144,972
Share of loss in joint venture (Note 6)	(208,005)	(110,000)	(365,487)	(308,896)
Interest accretion on Convertible Note (Note 10)	(1,516,252)	(1,042,772)	(4,318,520)	(1,042,772)
Change in fair value of derivative liability (Note 10)	152,878	3,012,946	(494,107)	3,012,946
Accretion on environmental rehabilitation provision (Note 7)	(157,090)	(18,500)	(235,905)	(18,500)
Change in fair value of investments	6,942	-	13,396	798
(Loss) gain on foreign exchange	435,140	(632,406)	(488,067)	(665,697)
Loss (profit) before income taxes	**(1,661,220)**	**(58,131)**	**(7,375,852)**	**10,844,750**
Income tax recovery	356,350	312,168	832,057	613,329
Net (loss) income and comprehensive (loss) income for the period	**(1,304,870)**	**254,037**	**(6,543,795)**	**11,458,079**
Net (loss) income per common share (Note 13)				
Basic and diluted	**(0.005)**	**0.001**	**(0.025)**	**0.047**
Weighted average number of common shares outstanding (Note 13)				
Basic and diluted	**256,574,935**	**255,528,739**	**256,574,935**	**242,190,067**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated

Consolidated Statements of Changes in Equity
For the three-month and nine-month periods ended September 30, 2024 and 2023
(Unaudited, Expressed in Canadian Dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance – December 31, 2023	**256,574,935**	**131,750,405**	**2,369,377**	**19,092,408**	**(48,651,057)**	**104,561,133**
Expiration of warrants (Note 11)	-	-	(105,000)	105,000	-	-
Share-based compensation (Note 12)	-	-	-	237,686	-	237,685
Net loss and comprehensive loss for the period	-	-	-	-	(6,543,795)	(6,543,795)
Balance – September 30, 2024	**256,574,935**	**131,750,405**	**2,264,377**	**19,435,094**	**(55,194,852)**	**98,255,024**
Balance – December 31, 2022	**225,671,771**	**124,337,665**	**2,330,377**	**18,693,448**	**(59,922,913)**	**85,438,577**
Common shares issued pursuant to a private placement (Note 5)	20,153,164	5,000,000	-	-	-	5,000,000
Common shares issued for services (Note 11)	2,000,000	625,000	-	-	-	625,000
Issuance of flow-through shares (Note 11)	8,750,000	3,500,000	-	-	-	3,500,000
Deferred premium on flow- through shares	-	(1,309,953)				(1,309,953)
Cost of share issuances	-	(533,947)	39,000	-	-	(494,947)
Share-based compensation (Note 12)	-	-	-	307,167	-	307,167
Net income and comprehensive income for the period	-	-	-	-	11,458,079	11,458,079
Balance – September 30, 2023	**256,574,935**	**131,618,765**	**2,369,377**	**19,000,615**	**(48,464,834)**	**104,523,923**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Osisko Metals Incorporated
Consolidated Statements of Cash Flows
For the three-month and nine-month periods ended September 30, 2024 and 2023
(Unaudited, Expressed in Canadian Dollars)

	Nine-months ended September 30,	
	2024	**2023**
	$	**$**
Operating activities		
(Loss) profit for the period	(6,543,795)	11,458,079
Adjustments for:		
Share-based compensation (Note 12)	219,114	283,189
Interest on Secured Loan (Note 9)	-	213,040
Depreciation	17,258	35,671
Change in fair value of investments	(13,396)	(798)
Gain on sale of interest in Pine Point Mining Limited (Notes 5 and 6)	(66,143)	(15,144,972)
Interest accretion on Convertible Note (Note 10)	4,318,520	1,042,772
Unrealized foreign exchange loss on Convertible Note (Note 10)	517,276	-
Change in fair value of Derivative liability (Note 10)	494,107	(3,012,946)
Share of loss in joint venture (Note 6)	365,487	-
Deposits related to the environmental rehabilitation provision (Note 7)	-	(2,358,024)
Accretion on environmental rehabilitation provision (Note 7)	235,905	18,500
Environmental rehabilitation obligations paid (Note 7)	(153,151)	(30,067)
Income tax recovery	(832,057)	(613,329)
Changes in non-cash working capital items (Note 16)	(106,906)	2,865,444
Net cash flows used in operating activities	**(1,547,781)**	**(5,243,441)**
Investing activities		
Proceeds on sale of interest in Pine Point Mining Limited (Note 6)	6,663,990	8,300,000
Cash balance of Pine Point Mining Limited at the time of deconsolidation	-	(1,812,002)
Investments in exploration and evaluation assets	(4,147,411)	(9,757,036)
Investments in property and equipment	(125,769)	-
Net cash flows provided by (used in) investing activities	**2,390,810**	**(3,269,038)**
Financing activities		
Proceeds from the issuance of flow-through shares (Note 11)		3,500,000
Proceeds from Private Placements (Note 5)	-	5,000,000
Issuance of a Convertible Loan (Note 5)	-	6,700,000
Reimbursement Secured Loan, including interest (Note 9)	-	(6,270,740)
Payment of share issue costs	-	(494,947)
Net cash flows provided by financing activities	**-**	**8,434,313**
Increase (decrease) in cash and cash equivalents	**843,029**	**(78,166)**
Cash and cash equivalents, beginning of period	**1,670,610**	**3,078,856**
Cash and cash equivalents, end of period	**2,513,639**	**3,000,690**

Supplemental disclosure (Note 16)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

1. Nature of activities and going concern

Osisko Metals Incorporated and its subsidiaries (collectively, “Osisko Metals” or the “Company”) specialize in the exploration and evaluation of base metals properties located in Canada. The address of the Company’s registered office and its principal place of business is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Company was incorporated under the provisions of the *Business Corporations Act* (Alberta) on May 10, 2000. Since May 2017, the Company is registered under the *Business Corporation Act* (British Columbia).

The Company’s shares are listed under the symbol “OM” on the TSX Venture Exchange (“TSX-V”), under the symbol “OB5” on the Frankfurt Stock Exchange and under the symbol “OMZNF” on the OTCQX Best Market (the “OTCQX”).

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the deferred exploration and evaluation expenses. Although the Company has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management of the Company (“Management”) takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. As at September 30, 2024, the Company had a negative working capital of $35,716,788 (including a cash and cash equivalent balance of $2,513,639), an accumulated deficit of $55,194,852 and had incurred a loss of $6,543,795 for the nine-month period ended September 30, 2024. As the Company is in the exploration and evaluation stage for its projects, it has not recorded any revenues from operations and has no source of operating cash flow.

The working capital as at September 30, 2024 will not be sufficient to meet the Company’s obligations, commitments and budgeted expenditures through September 30, 2025. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the preceding paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company’s ability to continue future operations and fund its planned exploration activities at its projects is dependent on Management’s ability to secure additional financing in the future. Any funding shortfall may be met in the future in a number of ways, including, but not limited to, selling a royalty on its projects (Note 5), the issuance of debt or equity instruments (see Notes 9, 10, 11 and 18) and the completion of joint venture arrangements (Note 6). While Management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms that are acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than the amounts reflected in these consolidated financial statements.

(Unaudited, expressed in Canadian Dollars)

2. Basis of presentation and judgments, estimates and assumptions

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* ("IFRS Accounting Standard") applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standard.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on November 22, 2024.

The unaudited consolidated financial statements include the accounts of Osisko Metals and its significant wholly-owned subsidiary listed below:

Name of subsidiary	Activity	Country of Incorporation
Pine Point Mining Limited ("PPML")	Mineral exploration in Northwest Territories	Canada

* PPML ceased to be consolidated as of April 6, 2023

Osisko Metals controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intercompany balances and transactions are eliminated on consolidation. Osisko Metals and its subsidiary have a year end of December 31.

The preparation of financial statements requires Management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different. The critical accounting, judgments, estimates and assumptions are the same as those in our most recent audited annual financial statements.

3. New accounting standards and amendments

Material accounting standards and amendments

Amendments – IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current and non-current liabilities with covenants

The Company applied Classification of Liabilities as Current or Non-current – Amendments to IAS 1 for the first time from January 1, 2024. The amendments:

- Clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- Clarify that classification is unaffected by intentions or expectations about whether an entity will exercise its right to defer settlement of a liability; and
- Make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

The application of the Amendments to IAS 1 resulted in a change in the Company's accounting policy for classification of liabilities that can be settled in the Company's own shares (e.g. the Convertible Note) from non-current to current liabilities. Under the revised accounting policy, when a liability includes a counterparty conversion option that may be settled by the issuance of the Company's common shares ("Common Shares"), the conversion option is taken into account in classifying the liability as current or non-current except when it is classified as an equity component of a compound instrument. The Convertible Note is classified as current as at March 31, 2024, because the conversion option can be exercised by Convertible Note holder at any time. The Amendments to IAS 1 had a retrospective impact on the comparative consolidated statement of financial position as the Company had the Convertible Note outstanding as at December 31, 2023. The Convertible Note as at January 1, 2024, was entirely reclassified from non-current to current liabilities. The Company's other liabilities were not impacted by the Amendments to IAS 1.

(Unaudited, expressed in Canadian Dollars)

4. Prepaid expenses and deposits

	September 30, 2024	December 31, 2023
	$	$
Deposits related to the environmental rehabilitation provision (Note 7)	2,358,024	2,358,024
Supplier deposits	70,385	72,350
Prepaid expenses	17,016	16,098
	2,445,425	2,446,472
Classified as short-term	87,401	88,448
Classified as long-term	2,358,024	2,358,024

Deposits related to the environmental rehabilitation provision include deposits and a surety bond which are used as collateral for possible rehabilitation activities at the Gaspé Copper Project. Reclamation deposits are expected to be released once this property is restored to satisfactory condition, or as released under the surety bond agreement. As they are restricted from general use, they are included under Deposits on the consolidated statements of financial position.

5. Exploration and evaluation assets

The Company has incurred the following costs on its exploration and evaluation assets:

Property	Balance as at January 1, 2024	Additions (*)	Balance as at September 30, 2024
	$	$	$
Quebec			
Gaspé Copper (a)			
Mining rights	37,752,963	(5,308)	37,747,655
Exploration expenses	15,107,925	4,273,824	19,381,749
	52,860,888	4,268,516	57,129,404
New Brunswick			
Gilmour South (b)(g)			
Mining rights	266,223	14,060	280,283
Exploration expenses	-	-	-
	266,223	14,060	280,283
Key Anacon (c)(g)			
Mining rights	1,809,956	-	1,809,956
Exploration expenses	-	34,800	34,800
	1,809,956	34,800	1,844,756
Canadian Continental (d)(g)			
Mining rights	130,718	-	130,718
Exploration expenses	-	-	-
	130,718	-	130,718
Mount Fronsac (e)(g)			
Mining rights	511,464	5,080	516,544
Exploration expenses	-	-	-
	511,464	5,080	516,544
Other New Brunswick properties (f)(g)			
Mining rights	92,837	4,400	97,237
Exploration expenses	-	-	-
	92,837	4,400	97,237
Summary			
Mining rights	40,564,161	(152,020)	40,412,141
Exploration expenses	15,107,925	4,478,876	19,586,801
	55,672,086	**4,326,856**	**59,998,942**

* Additions include changes in estimates related to the environmental rehabilitation provision (see Note 7)

5. Exploration and evaluation assets (*continued*)

(a) Gaspé Copper: On March 25, 2022, the Company signed a binding term sheet with Glencore (together, with the Company, the "Parties"), with respect to a purchase agreement (the "Purchase Agreement"), which, if entered into, would provide Osisko Metals with an option (the "Gaspé Option") to acquire a 100% interest in the Gaspé Copper Project located near Murdochville, Québec.

The Gaspé Option granted to Osisko Metals the exclusive right to acquire a 100% interest in the Gaspé Copper Project, subject to the following terms:

- Incurring drilling costs of $5,000,000 to test oxidation levels within the mineralization that surrounds Mount Copper and providing a letter indicating its intent to exercise the Gaspé Option by June 30, 2022; and
- Completing all necessary due diligence inquiries and negotiating any outstanding matters by the Parties.

Effective June 30, 2022, the Parties agreed to extend the time for exercise of the Gaspé Option. On July 11, 2022, Osisko Metals announced it entered into definitive documentation with Glencore for the Gaspé Option granted to the Company to acquire the Gaspé Copper Project (the Gaspé Transaction"). In addition, the Company provided notice of its exercise of the Gaspé Option to Glencore.

On July 14, 2023, Osisko Metals closed the Gaspé Transaction. In connection with this transaction:

- Glencore was issued a US$25,000,000 senior secured convertible note (the "Convertible Note") (see Note 10) of the Company which is convertible into units of Osisko Metals at a price of $0.40 per unit (each, a "Unit"), comprised of one Common Share and one-half Warrant. Each Warrant is exercisable by Glencore at an exercise price of $0.46 per Common Share until July 14, 2026.
- Glencore retained a 1% net smelter return ("NSR") royalty on the historical Mount Copper open pit and a 3% NSR royalty on all other minerals extracted from the Gaspé Copper Project.
- Osisko Metals will make a cash payment of US$20,000,000 to Glencore upon the commencement of commercial production at the Gaspé Copper Project, which will be included in the cost of the Mine once it becomes payable.
- The Company is required to incur a total of $55,000,000 in exploration, development and environmental expenditures, including permitting expenditures, over a period of four years, which commenced on March 25, 2022, with a minimum of $20,000,000 to be incurred by March 25, 2024. A penalty will be payable to Glencore as a percentage of the expenditure deficit as compared to this commitment.
- Osisko Metals entered into an offtake agreement with Glencore to purchase 100% of the concentrates produced at the Gaspé Copper Project.
- The Parties entered into an investor rights agreement (the "Investor Rights Agreement"), pursuant to which Glencore has been granted certain investor rights, provided that it maintains certain ownership thresholds in the Company. Among other things, the Investor Rights Agreement provides Glencore with the right to designate one director for appointment to the Board, participation rights in future equity issuances, piggyback registration rights and the right to maintain its pro-rata position in Osisko Metals.
- Assumption of environmental rehabilitation obligations in favor of the Minister of Natural Resources and Forests ("MNRF") for $5,300,000 and a deposit in guarantee to the Town of Murdochville for $766,737.

On October 8, 2024, the Company signed a purchase agreement with a third-party claimholder (the "3rd Party") to purchase 100% ownership of mining claims near the Gaspé Copper Project. In exchange for these claims, the 3rd Party received $100,000 in cash and 5,000,000 Common Shares of the Company.

(b) Gilmour South, New-Brunswick: This property is located 20 km south-southeast of the Brunswick No. 12 Mine and is subject to a net smelter return ("NSR") royalty (the "OGR Royalty") with Osisko Gold Royalties Ltd ("OGR''), which is described in Note (g).

(c) Key Anacon, New-Brunswick: This project is located 20 km south of Bathurst, New Brunswick and is partially subject to the OGR Royalty (Note (g)).

(d) Canadian Continental, New-Brunswick: This project is partially subject to the OGR Royalty (Note (g)).

(e) Mount Fronsac, New-Brunswick: This property is subject to the OGR Royalty (Note (g)).

(f) Other properties in the Bathurst Mining Camp ("BMC"): The other New Brunswick properties are located in the BMC and are subject to the OGR Royalty (Note (g)).

5. Exploration and evaluation assets *(continued)*

(g) On October 12, 2017, the Company concluded an agreement with OGR whereby OGR acquired a 1% NSR royalty on nearly all of Osisko Metals' portfolio of projects within both the BMC and Quebec, as at the date of this agreement, for a cash consideration of $5,000,000. The OGR Royalty will also apply to areas that the Company may acquire in the future that fall within a one-kilometer distance from the property holdings at the time of this agreement. OGR has rights of first refusal on future royalty or metal stream sales from existing or newly acquired properties by Osisko Metals.

(h) On February 21, 2023, the Company entered into an investment agreement (the "Investment Agreement") with a subsidiary of Appian Natural Resources Fund III LP ("Appian"), a fund advised by Appian Capital Advisory LLP, a London-based private equity group specializing in the acquisition and development of mining assets, pursuant to which Osisko Metals and Appian have agreed to form a joint venture for the advancement of the Pine Point Project (the "Transaction").

Some highlights of the Transaction include:

- Commitment by Appian to invest up to $100,000,000 over an estimated four-year period, to acquire an undivided 60% interest in PPML, a wholly-owned subsidiary of Osisko Metals and owner of the Pine Point Project.
- The $100,000,000 investment includes an estimated $75,300,000 of funding ($19,800,000 of which will be provided upon establishment of the joint venture, the "Initial Subscription") to advance the Pine Point Project to a Final Investment Decision ("FID"), or construction approval, and approximately $24,700,000 in cash payments, comprised of:
    - An $8,300,000 initial payment on closing of the Transaction to acquire an initial 9% interest in PPML; and
    - A milestone payment upon positive FID to bring Appian's ownership in PPML to 60%, expected to be approximately $16,400,000. The final milestone payment will increase or decrease should the actual amount spent to FID differ from the estimated budget of $75,300,000.
- In addition, Appian has agreed to make a $5,000,000 investment in the common shares of Osisko Metals on closing, priced at $0.2481 per share (being the 20-day VWAP calculated as of the date of this announcement).

Concurrent with the execution of the Investment Agreement, Osisko Metals and Appian entered into an agreement for the issuance of a convertible instrument (the Convertible Loan") to provide PPML with short-term interim funding of up to $11,500,000 to fund the current drilling program on the Pine Point Project, in accordance with the agreed initial program and budget. When the Transaction closed on April 6, 2023, the $6,700,000 advanced by Appian and outstanding under the convertible instrument was converted into an ownership interest in PPML and the Initial Subscription was reduced by $6,700,000 outstanding under the Convertible Loan. At September 30, 2024 and December 31, 2023, no amounts are outstanding to Appian by Osisko Metals.

Effective on April 6, 2023, following the Transaction, Osisko Metals ceased to consolidate PPML and subsequently accounted for its investment as an associate under the equity method. Accordingly, Osisko Metals deconsolidated Pine Point on April 6, 2023, and started accounting for its investment in PPML using the equity method. On April 6, 2023, the Company derecognized the assets and liabilities of PPML from its consolidated balance sheet, recorded its interest in PPML at fair value as an investment in an associate for $83,000,000 and recognized a net non-cash gain on deconsolidation of $15,144,972. PPML's results of operations and cash flows were consolidated into the Company's financial statements up to April 6, 2023.

If the Investment Agreement is terminated and the Transaction does not close, the principal amount then outstanding under the convertible instrument would then become repayable. Subject to the approval of the TSX-V at such a repayment event, the amount then outstanding under the convertible instrument would be repaid by the issuance of common shares of Osisko Metals, at the minimum permitted price under the policies of the TSX-V, for up to 19.95% of the pro forma number of issued and outstanding common shares of Osisko Metals, and the remaining amount (if any) will be converted into a senior secured term loan.

If the Transaction is completed, any outstanding amounts under the convertible instrument would be converted into an ownership interest in PPML and the Initial Subscription would be reduced for the amounts outstanding under the convertible instrument.

(Unaudited, expressed in Canadian Dollars)

6. Investment in joint venture

The financial information of PPML, the Company's material joint venture, on a 100% basis is as follows and includes adjustments, where applicable, to the accounting policies of PPML to conform to those of the Company and taking into account fair value adjustments made by the Company for equity accounting purpose:

	September 30, 2024
	$
Current assets	9,367,104
Current liabilities	(4,692,882)
Current net assets (liabilities)	4,674,222
Non-current assets	150,488,610
Non-current liabilities	(8,473,516)
Non-current net assets	142,015,094

	Period from January 1 to September 30, 2024
	$
Net loss and comprehensive loss	(365,487)

PPML was deconsolidated and became a material joint venture on April 6, 2023.

The following tables summarizes the Company's evolution of the investment:

	$
Balance – January 1, 2023	-
Reclassification of interest held by the Company in PPML	82,969,798
Share of loss and comprehensive loss	(304,743)
Balance – December 31, 2023	82,665,055
Sale of interest to Appian	(6,663,990)
Gain on sale of ownership in joint venture	66,143
Share of loss and comprehensive loss	(365,487)
Balance – September 30, 2024	75,701,721

On February 22, 2024, the Company announced the sale of an additional 5% ownership interest in PPML (see also Note 5) to a subsidiary of Appian. The increase in Appian's target ownership interest in PPML from 60% to 65% is expected to result in additional proceeds to Osisko Metals of $8,330,000, of which (i) $6,663,990 in cash was paid to Osisko Metals in connection with the closing of this transaction, and (ii) the remaining amount, estimated to be approximately $1,666,000, based on certain budget assumptions and estimates of Management required to advance the Pine Point Project to a positive FID, to be paid as a milestone payment to Osisko Metals upon a positive FID (the "Additional Interest Disposition"). This amount represents the estimated increase in the milestone payment on account of the Additional Interest Disposition relative to the initial joint venture target ownership structure, based on the estimated budget of $75,300,000 to take the Pine Point Project to FID since the commencement of the joint venture.

After giving effect to the Additional Interest Disposition and based on the estimated budget of $75,300,000 to take the Pine Point Project to FID (and related assumptions therein), the milestone payment upon positive FID to bring Appian's ownership in PPML to 65% is expected to be approximately $18,000,000. The final milestone payment will increase or decrease should the actual amount spent to FID differ from the estimated budget of $75,300,000. There can be no certainty that the actual costs will be aligned with the estimated budget or that any milestone payment will be made to Osisko Metals at all or that positive FID or a construction decision on Pine Point Project will be achieved as budgeted or at all.

(Unaudited, expressed in Canadian Dollars)

7. Environmental rehabilitation provision

	September 30, 2024	December 31, 2023
	$	$
Balance, beginning of period	4,722,240	-
Gaspé Copper Project acquisition	-	4,728,372
Payments	(153,151)	(138,030)
Change in estimates	(193,557)	60,362
Accretion expense	235,905	71,536
Balance, end of period	**4,611,437**	**4,722,240**
Current liabilities	390,953	320,107
Non-current liabilities	4,220,484	4,402,133
	4,611,437	**4,722,240**

The environmental rehabilitation obligation that arose since December 31, 2023, represents the present value of the estimated amount of undiscounted cash flows required to satisfy the environmental rehabilitation obligation in respect of the Gaspé Copper Project (Note 5).

On July 14, 2023, the Company assumed the environmental rehabilitation obligation subsequent to the closing the Gaspé Transaction. On this date the future value of the environmental rehabilitation obligation was estimated to be $5,300,000 and was discounted using a rate of 3.40%. As of September 30, 2024, the future value of the environmental rehabilitation obligation was estimated to be $5,000,000 and has been discounted using a rate of 2.95%.

The Company expects to complete reclamation work from 2024 to 2043 and the liabilities accrete to their future value until the expected underlying work is expected to be performed.

As of September 30, 2024 and December 31, 2023, the Company had a surety bond for collateral for these rehabilitation activities in favor of the MNRF.

8. Deferred premium on flow-through shares

	September 30, 2024	December 31, 2023
	$	$
Balance – beginning of period	832,057	188,705
Deferred premium on flow-through shares issued	-	1,309,953
Recognition of deferred premium on flow-through shares	(832,057)	(666,601)
Balance – end of period	-	832,057

9. Secured Loan

On December 5, 2022, the Company closed a secured senior loan agreement (the “Secured Loan”) with Osisko Mining Inc. for $6,000,000 (the “Principal Amount”) with a maturity date of March 31, 2023. This maturity date was extended to April 30, 2023 on March 31, 2023. Under the terms of the Secured Loan, interest was payable on the Principal Amount at a rate per annum that is equal to 13.5%, compounded quarterly and accrued interest was payable upon repayment of the Principal Amount. During the three-month and nine-month periods ended September 30, 2023, the Company incurred $213,040 of interest expense that is recorded in the consolidated statements of loss and comprehensive loss. The Secured Loan was repaid on April 6, 2023.

10. Convertible Note

On July 14, 2023, the Company acquired the Gaspé Copper Project and in connection with this transaction issued a $32,957,500 (US$25,000,000) Convertible Note. The Convertible Note is denominated in US Dollars with a term of 36 months and carries a semestrial coupon interest payment of 4% plus the greater between the 6-month Term SOFR and 2.5%. The Convertible Note includes the following material conversion and settlement options available to the holder:

- General conversion option: The holder of the Convertible Note, at any time before maturity, can convert the outstanding principal amount into Units for $0.40 per Unit based on the spot exchange rate at the time of a conversion. Each Unit comprises one Common Share and one-half Warrant. The Warrant can be used to subscribe one Common Share at an exercise price of $0.46 per Common Share until July 14, 2026.
- Interest repayment option: Annually, the Company has an option to pay the interest in (i) cash; or (ii) subject to TSX-V approval, by capitalizing interest and adding it to the principal, which would then be converted into Units at the Company's share price determined at the anniversary on which such interest become payable.
- The Convertible Note also includes redemption mechanisms at the option of the holder in the event of a change of control or an event of default.

The Convertible Note is secured against all of the present and after acquired property of the Company in an aggregate principal amount of $50,000,000.

The Convertible Note represents a hybrid financial instruments with an embedded derivative requiring separation. The debt host portion (the "Host") of the instrument is classified at amortized cost, whereas the conversion option (the "Embedded Derivative") is classified as fair value through profit and loss ("FVTPL").

	Host (amortized cost)	Embedded Derivative (FVTPL)	Total
	$	$	$
Balance, January 1, 2024	26,726,256	4,723,256	31,449,512
Interest accretion	4,318,520	-	4,318,520
Fair value adjustment	-	494,107	494,107
Foreign exchange	517,277	-	517,276
Balance, September 30, 2024	**31,562,052**	**5,217,363**	**36,779,415**

The fair value of the Embedded Derivative, which is a Level 3 measurement was determined using a valuation model which required the use of significant unobservable inputs.

	September 30, 2024	Relative change	Sensitivity (*)	December 31, 2023	Relative change	Sensitivity (*)
Observable inputs:						
Share price	$0.215	+/- 10%	+/- $1,350,000	$0.185	+/- 10%	+/- $1,000,000
Foreign exchange rate	1.3499	+/- 5%	+/- $250,000	1.3226	+/- 5%	+/- $240,000
Unobservable inputs:						
Expected volatility	68.96%	+/- 10%	+ $1,350,000	63.6%	+/- 10%	+ $1,040,000 - $1,060,000
Credit spread	14.9%	+/- 1%	+/- $60,000	15.3%	+/- 1%	+/- $55,000

(*) Holding all other variables constant

(Unaudited, expressed in Canadian Dollars)

11. Share capital and Warrants

Share capital

On June 8, 2023, the Company agreed to issue 2,000,000 Common Shares at a deemed issue price of $0.3125 per Common Share in satisfaction of an aggregate of $625,000 in obligations due to Maxit Capital LP, who acted as the financial advisor to the Company in connection with the Transaction with Appian. The $625,000 was recorded as consulting and professional fees in the consolidated statement of income and comprehensive income in the three-month and nine-month periods ended September 30, 2023.

On July 12, 2023, the Company completed a private placement offering, pursuant to which Osisko Metals issued an aggregate of 8,750,000 Common Shares (each, a “FT Share“) that qualify as “flow-through shares” within the meaning of the *Income Tax Act* (Canada) and the *Taxation Act* (Québec) at a price of $0.40 per FT Share for aggregate gross proceeds of $3,500,000 (the “Offering“).

In connection with the Offering, share issue costs totaled $504,822, including $465,822 in cash and the issuance of 612,500 non-transferable broker warrants of the Company (each, a “Broker Warrant“). Each Broker Warrant entitles the holder thereof to purchase one Common Share at a price of $0.25 per Common Share until January 12, 2025. The Broker Warrants were accounted for at their fair value of $39,000, determined by the Black-Scholes option pricing model based on the following weighted average assumptions:

Broker Warrant exercise price	$0.25
Share price at date of grant	$0.23
Risk-free interest rate	4.65%
Expected life of Broker Warrants	1.5 years
Annualized expected volatility	62%
Dividend rate	-
Fair value per Broker Warrant	$0.06

Gross proceeds from the Offering were allocated between share capital ($1,968,750) and deferred premium on flow-through shares ($1,531,250). Share issue costs were also allocated between share capital ($283,525) and deferred premium on flow-through shares ($221,297) using the relative fair value method.

Warrants

The following table details the changes in Warrants issued:

	Number of Warrants	Weighted average exercise price ($)
Balance – January 1, 2023	10,999,791	0.57
Issued	612,500	0.25
Balance – December 31, 2023	11,612,291	0.55
Expired	(1,416,458)	0.54
Balance – September 30, 2024	10,195,833	0.55

(Unaudited, expressed in Canadian Dollars)

12. Share-based compensation

The following table summarizes information about the movement of the Company's incentive stock options ("Options"):

	Number of Options	Weighted average exercise price ($)
Balance – January 1, 2023	12,156,134	0.47
Granted	2,105,000	0.24
Exercised	(70,234)	0.44
Expired	(1,400,900)	0.70
Balance – December 31, 2023	12,790,000	0.41
Granted	1,935,000	0.16
Expired	(2,390,000)	0.55
Balance – September 30, 2024	12,335,000	0.34
Options exercisable – September 30, 2024	6,999,988	0.42

On March 26, 2024, the Company granted Options to certain directors, officers, key employees and key consultants to purchase up to an aggregate of 1,935,000 Common Shares. This grant is subject to a three-year vesting period and a five-year term at an exercise price of $0.155 per Common Share.

The Options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the following weighted average assumptions for the nine-month period ended September 30, 2024:

Share price at date of grant	$0.155
Exercise price at date of grant	$0.155
Risk-free interest rate	3.50%
Expected life of Options	5.0 years
Annualized expected volatility	53%
Dividend rate	0%
Weighted average fair value per Option	$0.08

The expected volatility was determined by calculating the "historical" volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the Options. When computing historical volatility, Management may disregard an identifiable period of time in which it considers that the share price was extraordinarily volatile because of a specific event that is not expected to recur during the expected life of the Option.

Share-based compensation for the three-month period ended September 30, 2024 amounted to $75,927 ($119,821 for the three-month period ended September 30, 2023) of which $4,639 were capitalized to exploration and evaluation assets ($10,708 for the three-month period ended September 30, 2023).

Share-based compensation for the nine-month period ended September 30, 2024 amounted to $237,686 ($307,167 for the nine-month period ended September 30, 2023) of which $18,572 were capitalized to exploration and evaluation assets ($23,978 for the nine-month period ended September 30, 2023).

13. Net loss per share

As a result of the net loss for the three-month and nine-month periods ended September 30, 2024 and 2023, all potentially dilutive common shares (Notes 11 and 12) are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

(Unaudited, expressed in Canadian Dollars)

14. Key management and related party transactions

Related party transactions and balances, not otherwise disclosed, are summarized below:

Key management includes directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management for employee services for the three-month and nine-month periods ended September 30, 2024 and 2023 are:

	Three-months ended September 30,		Nine-months ended September 30,	
	2024	2023	2024	2023
	$	$	$	$
Salaries and short-term employee benefits	90,000	75,000	240,000	312,500
Share-based compensation	58,962	98,046	180,766	226,312
	148,962	173,046	420,766	538,812

During the three-month and nine-month periods ended September 30, 2024 and 2023, the Company undertook transactions with certain related companies. Falco Resources Ltd. ("FPC") are related party because of common officers and directors. PPML is a related party because Osisko Metals has joint control of PPML.

During the three-month period ended September 30, 2024, an amount of $36,000 was invoiced by FPC for professional corporate services rendered ($39,000 for the three-month period ended September 30, 2023). During the nine-month period ended September 30, 2024, an amount of $108,000 was invoiced by FPC for professional corporate services rendered ($116,000 for the nine-month period ended September 30, 2023). An amount of $28,000 is included in trade and other payables as at September 30, 2024 ($28,000 as at December 31, 2023).

During the three-month period ended September 30, 2024, an amount of $109,000 was invoiced to PPML for Management, geological and professional services ($212,000 during the three-month period ended September 30, 2023). During the nine-month period ended September 30, 2024, an amount of $326,000 was invoiced to PPML for Management, geological and professional services ($692,000 during the nine-month period ended September 30, 2023). As at September 30, 2024, $240,000 is included in accounts receivables ($770,000 as at December 31, 2023).

15. Fair value of financial instruments

The following presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for assets or liabilities that are not based on observable data (unobservable inputs).

The fair value of the investments in shares have been estimated by reference to their quoted prices at the reporting date. Investments measured at fair value in the consolidated statement of financial position as at September 30, 2024 and 2023 are classified in level 1.

The Derivative Liability is measured at fair value in the consolidated statement of financial position as at September 30, 2024 and is classified in level 3 (see Note 10).

(Unaudited, expressed in Canadian Dollars)

16. Supplemental disclosure – Statements of cash flows

	Nine-months ended September 30, 2024	2023
	$	$
Changes in non-cash working capital items:		
Receivables	352,414	843,339
Prepaid expenses and other assets	1,047	1,087,584
Trade and other payables	(460,367)	934,521
Total	(106,906)	2,865,444
Exploration and evaluation asset expenditures included in trade and other payables		
Beginning of period	501,668	2,672,458
End of period	856,098	854,825

17. Commitments and contingencies

The Company is partially financed through the issuance of flow-through shares, and accordingly, the Company is engaged to complete mining exploration activities. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

a. Two years following the flow-through placements;
b. One year after the Company has renounced the tax deductions relating to the exploration work.

On July 12, 2023, the Company received $3,500,000 following the issuance of flow-through shares for which the Company renounced tax deductions as at December 31, 2023. As at September 30, 2024, this commitment is complete.

18. Subsequent event

On November 18, 2024, the Company announced a $100 million bought deal financing (the “Transaction”). In conjunction with the Transaction, the Company entered into an agreement with Canaccord Genuity Corp. as sole bookrunner and co-lead underwriter together with BMO Capital Markets and National Bank Financial for a syndicate of underwriters (collectively, the “Underwriters”), pursuant to which the Underwriters have agreed to purchase, subject to certain conditions, 288,465,000 units of the Company (the “HD Units”) at a price of $0.26 per HD Unit for gross proceeds of $75.0 million and 50,000,000 flow-through units of the Company (the “FT Units”) at a price of $0.50 per FT Unit for gross proceeds of $25 million. The aggregate gross proceeds from issuance of HD Units and FT Units will be $100 million.

Each HD Unit consists of one Common Share and one-half of one Warrant. Each FT Unit consists of one Common Share and one-half of one Warrant, each of which will qualify as "flow-through shares" within the meaning of subsection 66(15) of the *Income Tax Act* (Canada) and section 359.1 of the *Taxation Act* (Québec). Each Warrant will entitle the holder to purchase one Common Share of the Company at a price of 0.35 per Common Share for a period of two years following the closing of the Transaction.

The Company has also granted the Underwriters an option (the “Underwriters' Option”), exercisable in whole or in part, at any time up to the closing date of the Transaction, to acquire up to an additional $15 million in any combination of HD Units and FT Units. In consideration for the Underwriters' services, the Company will pay the Underwriters a cash commission equal to 5.0% of the gross proceeds of the Transaction (including the additional proceeds realized upon the exercise of the Underwriters' Option, if applicable).

Closing of the Transaction is subject to certain conditions including, but not limited to, the conditional and final approval of the TSX Venture Exchange. All securities issued under the Transaction will be subject to a hold period expiring four months and one day from the Closing Date.